



FEDERAL RESERVE SYSTEM

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Board of Governors of the Federal Reserve System.

SUMMARY: On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board of Governors of the Federal Reserve System (Board) its approval authority under the Paperwork Reduction Act (PRA), to approve of and assign OMB numbers to collection of information requests and requirements conducted or sponsored by the Board. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the PRA Submission, supporting statements and approved collection of information instruments are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB number.

DATES: Comments must be submitted on or before **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: You may submit comments, identified by *FR 4198* or *FR 4203* by any of the following methods:

- Agency Website: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx>.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- E-mail: regs.comments@federalreserve.gov. Include OMB number in the subject line of the

message.

- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Robert deV. Frierson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW, Washington, DC 20551.

All public comments are available from the Board's website at

<http://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper form in Room 3515, 1801 K Street (between 18th and 19th Streets NW) Washington, DC 20006 between 9:00 a.m. and 5:00 p.m. on weekdays.

Additionally, commenters may send a copy of their comments to the OMB Desk Officer – Shagufta Ahmed – Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235 725 17th Street, NW, Washington, DC 20503 or by fax to (202) 395-6974.

FOR FURTHER INFORMATION CONTACT: A copy of the PRA OMB submission, including the proposed reporting form and instructions, supporting statement, and other documentation will be placed into OMB's public docket files, once approved. These documents will also be made available on the Federal Reserve Board's public website at: <http://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears below.

Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452-3829.

Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

SUPPLEMENTARY INFORMATION:

Request for comment on information collection proposal

The following information collection, which is being handled under this delegated authority, has received initial Board approval and is hereby published for comment. At the end of the comment period, the proposed information collection, along with an analysis of comments and recommendations received, will be submitted to the Board for final approval under OMB delegated authority. Comments are invited on the following:

- a. Whether the proposed collection of information is necessary for the proper performance of the Federal Reserve's functions, including whether the information has practical utility;
- b. The accuracy of the Federal Reserve's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- c. Ways to enhance the quality, utility, and clarity of the information to be collected;
- d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and
- e. Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

Proposal to approve under OMB delegated authority the extension for three years, without revision, of the following reports:

1. *Report title:* Funding and Liquidity Risk Management Guidance.

Agency form number: FR 4198.

OMB control number: 7100-0326.

Frequency: On occasion and monthly.

Reporters: bank holding companies, savings and loan holding companies, state member banks, state-licensed branches and agencies of foreign banks (other than insured branches), and corporations organized or operating under sections 25 or 25A of the Federal Reserve Act (agreement corporations and Edge corporations).

Estimated annual burden hours: Section 14 strategic planning and budgeting process: large institutions: 20,160 hours; mid-sized institutions: 17,520 hours; small institutions: 428,080 hours. Section 20 liquidity risk reporters: 261,696 hours.

Estimated average hours per response: Section 14 strategic planning and budgeting process: large institutions: 720 hours; mid-sized institutions: 240 hours; small institutions: 80 hours. Section 20 liquidity risk reporters: 4 hours.

Number of respondents: Section 14 strategic planning and budgeting process: large institutions: 28; mid-sized institutions: 73; small institutions: 5,351. Section 20 liquidity risk reporters: 5,452.

General description of report: The Board's Legal Division has determined that this information collection is mandatory based on the following relevant statutory provisions.

- Section 9(6) of the Federal Reserve Act (12 U.S.C. 324) requires state member banks to make reports of condition to their supervising Reserve Bank in such form and containing such information as the Board may require.
- Section 5(c) of the Bank Holding Company Act (12 U.S.C. 1844(c)) authorizes the Board to require a BHC and any subsidiary to submit reports to keep the Board informed as to

its financial condition, [and] systems for monitoring and controlling financial and operating risk.

- Section 7(c)(2) of the International Banking Act of 1978 (12 U.S.C. 3105(c)(2)) requires branches and agencies of foreign banking organizations to file reports of condition with the Federal Reserve to the same extent and in the same manner as if the branch or agency were a state member bank.
- Section 25A of the Federal Reserve Act (12 U.S.C. 625) requires Edge and agreement corporations to make reports to the Board at such time and in such form as it may require.
- Section 10(b) of the Home Owners' Loan Act requires an SLHC to file reports on the operation of the SLHC and any subsidiary as the Board may require and in such form and for such periods as the Board may require.

Because the records required by the Guidance are maintained at the institution, issues of confidentiality are not expected to arise. Should the documents be obtained by the Federal Reserve System during the course of an examination, they would be exempt from disclosure under exemption 8 of FOIA, 5 U.S.C. 552(b)(8). In addition, some or all of the information may be “commercial or financial” information protected from disclosure under exemption 4 of FOIA, under the standards set forth in National Parks & Conservation Ass’n v. Morton, 498 F.2d 765 (D.C. Cir. 1974).

Abstract: On March 22, 2010, the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Reserve, and the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA) (the agencies) published a joint final notice in the *Federal Register* implementing guidance titled “Interagency Policy Statement on Funding and Liquidity Risk Management” (the “Guidance”), effective May 21, 2010.¹

The Guidance summarizes the principles of sound liquidity risk management that the agencies have issued in the past and, where appropriate, brings them into conformance with the “Principles for Sound Liquidity Risk Management and Supervision” issued by the Basel Committee on Banking Supervision (BCBS) in September 2008. While the BCBS liquidity principles primarily focuses on large internationally active financial institutions, the Guidance emphasizes supervisory expectations for all domestic financial institutions including banks, thrifts and credit unions.

The agencies² have identified two sections of the Guidance that fall under the definition of an information collection. Section 14 states that institutions should consider liquidity costs, benefits, and risks in strategic planning and budgeting processes. Section 20 requires that liquidity risk reports provide aggregate information with sufficient supporting detail to enable management to assess the sensitivity of the institution to changes in market conditions, its own financial performance, and other important risk factors.

Current Actions: The Federal Reserve proposes to extend, without revision, the FR 4198 information collection.

¹ 75 FR 13656 (March 22, 2010).

² As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the OTS was abolished and its functions and powers were transferred to the OCC, the FDIC, and the Federal Reserve.

2. Report title: Recordkeeping Provisions Associated with Guidance on Leveraged Lending.

Agency form number: FR 4203.

OMB control number: 7100-0354.

Frequency: On occasion.

Reporters: All institutions that originate or participate in leverage lending.

Estimated annual burden hours: 29,422 hours.

Estimated average hours per response: 754.4 hours.

Number of respondents: 39.

General description of report: The Board's Legal Division has determined that all financial institutions supervised by the Board and substantively engaged in leveraged lending activities are subject to the FR 4203:

- Regarding state member banks, the information collection is authorized by Section 11 (a)(2) of the Federal Reserve Act, 12 U.S.C. 248(a)(2), which authorizes the Board to require any depository institution to make such reports of its assets and liabilities as the Board may determine to be necessary or desirable to enable the Board to discharge its responsibilities to monitor and control monetary and credit aggregates.
- With respect to bank holding companies, Section 5(c) of the Bank Holding Company Act, 12 U.S.C. 1844(c), authorizes the Board to require a bank holding company and any subsidiary "to keep the Board informed as to –(i) its financial condition, [and] systems for monitoring and controlling financial and operating risks"
- With respect to savings and loan holding companies, 12 U.S.C. 1467a(b)(3), authorizes the Board to “maintain such books and records as may be prescribed by the Board.”

- Regarding branches and agencies of foreign banking organizations, Section 7(c)(2) of the International Banking Act of 1978, 12 U.S.C. 3105(c)(2), subjects such entities to the requirements of section 11(a) of the Federal Reserve Act (12 U.S.C. 248(a)) "to the same extent and in the same manner as if the branch or agency were a state member bank."
- Under Section 25 of the Federal Reserve Act, 12 U.S.C. 602, member banks are required to furnish to the Board "information concerning the condition of" Edge and Agreement Corporations in which they invest. More generally with respect to Edge and Agreement Corporations, under Section 25A of the Federal Reserve Act, 12 U.S.C. 611a, the Federal Reserve may "issue rules and regulations" governing such entities "consistent with and in furtherance of the purposes" of that subchapter.

Because the information collection is called for in guidance and not in a statute or regulation, it is considered voluntary.

Because the information collected by the Proposed Guidance is maintained at the institutions, issues of confidentiality would not normally arise. Should the information be obtained by the Board in the course of an examination, it would be exempt from disclosure under exemption 8 of Freedom of Information Act (FOIA), 5 U.S.C. 552(b)(8). In addition, some or all of the information may be confidential commercial or financial information protected from disclosure under exemption 4 of FOIA, under the standards set forth in National Parks & Conservation Ass'n v. Morton, 498 F.2d 765 (D.C. Cir. 1974).

Abstract: The interagency guidance outlines high-level principles related to safe and sound leveraged lending activities, including underwriting considerations, assessing and documenting

enterprise value, risk management expectations for credits awaiting distribution, stress testing expectations and portfolio management, and risk management expectations. This guidance applies to all financial institutions substantively engaged in leveraged lending activities supervised by the Federal Reserve, FDIC, and OCC (the Agencies).

The Agencies identified certain aspects of the proposed guidance that may constitute a collection of information. In particular, these aspects are the provisions that state a banking organization should (a) have underwriting policies for leveraged lending, including stress testing procedures for leveraged credits; (b) have risk management policies, including stress testing procedures for pipeline exposures; and (c) have policies and procedures for incorporating the results of leveraged credit and pipeline stress tests into the firm's overall stress testing framework.

Although the guidance is applicable to all institutions that originate or participate in leverage lending, due to the large exposures created by these types of loans, these credits are most likely originated primarily by larger institutions.

Current Actions: The Federal Reserve proposes to extend, without revision, the FR 4203 information collection.

Board of Governors of the Federal Reserve System, March 10, 2016.

Robert deV. Frierson,
Secretary of the Board.

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